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September 13, 2002

Department of the Interior
Mineral Management Service
Mail Stop 4024
381 Elden Street
Herndon, Virginia 20170-4817

Attention: Rules Processing Team

Re: Comments on Proposed Oil and Gas and Sulphur Operations in the Outer Continental Shelf; Geological and Geophysical (G&G) Explorations of the Outer Continental Shelf – Proprietary Terms and Data Disclosure (ref. 30 CFR 251)

Dear Sir/Madam:

We endorse the comments submitted by the International Association of Geophysical Contractors (IAGC) on proprietary terms and data disclosure.

I understand that MMS is keen on maximizing exploitation of resources to meet our country's demand of energy in a safe and environmentally sound manner; and we are just as keen on bringing new technologies and innovations to facilitate MMS doing so. In what follows, we shall highlight our concern, the rationale, and propose a resolution.

Concern - continuous innovation in seismic technology leads to processing of existing data to deliver new and enhanced non-exclusive seismic products at different time periods. Setting the start date to permit issued date reduces the economic life of new geophysical information, hence stifles investment in new technologies and innovations.

Rationale - 3D seismic has the single most significant impact on E&P companies' ability to find and develop hydrocarbon resources. New and improved geophysical information can be generated from processing of existing data using new technologies. New play ideas get tested, new technologies get developed, and a cycle of new processing begins.

Example – non-exclusive program (see EMerge-Louisiana brochure attached).

EMerge is a prestack time imaged volume that offers seamless seismic coverage across the Louisiana Shelf. It consists of OBC (ocean bottom cable) and streamer data, which provides improved resolution for basin reconstruction, and



exploration of shallow and deep prospects. The data volume enables timely exploitation around current producing properties and deep-shelf exploration.

We leverage the experience gained from successes in the deepwater (see Field of Dream brochure attached), and apply the depth imaging know-how to the Shelf. In progress is a new non-exclusive prestack depth imaging program that is designed to meet the needs of operators exploring the Deep Shelf. The total program, equal to the scale and breadth of the EMerge prestack time coverage, will take substantial investment and resources over the next 5 years to complete.

Proposed Resolution – MMS to grant a new start date of 25-year term for new geophysical information generated when a geophysical company takes substantial financial risk and makes sizable investment to create a new and improved product (e.g., EMerge prestack time, new depth imaging) using data acquired 5 years ago, or earlier.

MMS Economic Impact – 1) microeconomic scale: make non-exclusive model sustainable; 2) macroeconomic level: level the playing field for operators of all sizes and ensure healthy competition.

MMS Long Term Benefit - more importantly, sustain healthy business climate and employment in the industry, to find new resources and secure energy supply to meet the demand of energy in our country.

We appreciate your consideration; please do not hesitate to contact me at 713-689-5624 if I can provide further information.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Patrick Ng", written over a horizontal line.

Patrick Ng
GeoMarket Manager, Gulf of Mexico

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